



XAVIER BECERRA
Attorney General

State of California
DEPARTMENT OF JUSTICE

600 WEST BROADWAY, SUITE 1800
SAN DIEGO, CA 92101
P.O. BOX 85266
SAN DIEGO, CA 92186-5266

Public: (619) 738-9000
Telephone: (619) 738-9325
Facsimile: (619) 645-2271
E-Mail: Jon.Worm@doj.ca.gov

SUBMITTED VIA CM/ECF

August 28, 2017

The Honorable Edward M. Chen
United States District Court
Northern District of California
San Francisco Courthouse
Courtroom 5 - 17th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

RE: *In re Chrysler-Dodge-Jeep EcoDiesel Marketing, Sales Practices, and Products Liability Litigation*, 17-MD-02777
California's Participation in Settlement Discussions

Dear Judge Chen:

We write on behalf of the California Attorney General and our client, the California Air Resources Board ("CARB") (collectively, "California"). Our office and CARB continue to investigate Fiat Chrysler Automobiles N.V., FCA US LLC, and related entities (collectively, "FCA") in connection with the certification and sale of diesel vehicles in California. Pursuant to Pretrial Order No. 9, d/e 202, we submit this letter to notify the Court and Settlement Master Feinberg of California's commitment to continue participating in settlement discussions related to these matters.

By way of background, CARB is a co-regulator of vehicle emissions along with the U.S. Environmental Protection Agency ("EPA"). Given California's population, topography, climate, and the large number of vehicles on its roads, California has long suffered from severe air quality issues. California has also been a leader in the fight against air pollution, enacting the nation's first vehicle emissions standards in the late 1950s and early 1960s and forming CARB in 1967, all prior to passage of the federal Clean Air Act in 1970 ("CAA"). The CAA recognizes California's unique role in the regulation of automobile emissions, and California alone is permitted (through a waiver process with the federal government) to adopt and enforce its own emissions standards that meet or exceed federal standards. *See* 42 U.S.C. § 7543(b). The CAA also permits other states to adopt California's emissions standards, and to date fifteen states have adopted California's standards.

August 28, 2017

Page 2

As the Court is aware, CARB and EPA issued notices of violation to FCA in connection with certain model year 2014-2016 diesel vehicles. CARB and the EPA have also been engaged in discussions with FCA concerning certification of model year 2017 diesel Ram 1500 and diesel Jeep Grand Cherokee. These discussions led to CARB's issuance of a conditional Executive Order and EPA's issuance of a Certificate of Conformity permitting FCA to sell these model year 2017 vehicles in California and nationwide. As with certification of the 2017 vehicles, any nationwide resolution of issues related to vehicles from prior model years must be approved by both CARB and EPA. To that end, EPA and CARB, along with our office and the United States Department of Justice, have been engaged in ongoing settlement discussions with FCA concerning vehicles from model years 2014-2016. The agencies continue to work together diligently to evaluate proposed hardware, software, and/or calibration changes to remedy issues with the vehicles from prior model years. This is a complicated process and will take some time.

Separately, in addition to serving as CARB's counsel, the California Attorney General is also the state's chief law enforcement officer, with independent authority to enforce California's environmental and consumer protection laws on behalf of the People of the State of California. These laws authorize the Attorney General to obtain a broad range of remedies for harm to consumers and the environment, including restitution, damages, civil penalties, and injunctive relief.

We expect that all of these topics will be the subject of settlement discussions in this Multidistrict Litigation ("MDL"). As the Court noted in Pretrial Order No. 9, to date California has not filed suit in this MDL. While California has not yet decided on the timing and forum for any suit related to these matters, as in the Volkswagen MDL, California recognizes its central role in any negotiated resolution of this case. To that end, California has already been engaged in settlement discussions with FCA and the United States and will continue to be a committed participant in those discussions.

Respectfully submitted,

/s/ Jon F. Worm
JON F. WORM
Deputy Attorney General

For XAVIER BECERRA
Attorney General

CC (via CM/ECF):

Settlement Master Kenneth R. Feinberg

United States Department of Justice

Plaintiffs' Steering Committee

Counsel for FCA